



COUNTY OF SAN DIEGO NEIGHBORHOOD STABILIZATION PROGRAM (NSP) - HOMEOWNERSHIP ASSISTANCE/ REHABILITATION PROGRAM

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Buyer:

- ◆ You must occupy the property as your primary place of residence during the entire time this loan is outstanding.
- ◆ The gross annual income of the entire household must not exceed 120% of the San Diego County Area Median Income (AMI). 120% AMI for a family of four is currently \$99,100.
- ◆ Maximum loan amount is \$50,000.
- ◆ Buyer must contribute from their own funds a percentage of the purchase price towards down payment. The contribution will be based upon amount of loan requested.
- ◆ Buyers requesting a loan up to \$25,000 must contribute a minimum of 3% of the purchase price towards down payment.
- ◆ Buyers requesting a loan **over** \$25,000 must contribute a minimum of 5% of the purchase price towards down payment.
- ◆ The down payment contribution for buyers with credit scores of 750 and above will be reduced by .5% but a minimum of 2.5% must always be contributed.
- ◆ Buyer must complete a HUD Approved 8 hour Homebuyer Education course prior to issuance of this loan. Call (619) 961-8750 for upcoming courses.
- ◆ Buyer must obtain a first mortgage loan through a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>)
- ◆ Buyer's income must be verified.

Property Guidelines:

- ◆ The property must be located within the NSP target areas. Target areas may be obtained by visiting our website at www.co.san-diego.ca.us/sdhcd/docs/target_areas_redacted.pdf.
- ◆ The property must be: single-family detached home, town home, condominium or manufactured home on a permanent foundation.
- ◆ The property must be abandoned or bank owned through foreclosure.
- ◆ The property must be free from any health & safety defects and lead-based paint hazards. Prior to final loan approval, a Housing Quality Standards (HQS) inspection will be conducted by County of San Diego staff to verify HQS requirements.
- ◆ Property must have a current appraisal (within 60 days of close of escrow) and sales price must be a minimum of 15% under appraised value.
- ◆ Buyer must obtain flood insurance if the property is located in a flood plain.
- ◆ Maximum purchase price is \$451,250, subject to periodic adjustment. (HOME funding regulations)

Loan Terms:

- ◆ No monthly payments are required.
- ◆ Loan will be a zero interest, forgivable loan if borrower occupies the property as their primary residence for a term of (15) fifteen years and is in good standing with primary financing.
- ◆ Loan repayment is required if the borrower does not continually occupy the property as their primary residence for the full (15) fifteen year term; if loan is refinanced prior to 15 years (a refinance to reduce interest rate and principal payment will be considered); or property is sold prior to 15 years. In the event

loan repayment is triggered, simple 3% interest accrued annually and the original principal are immediately due.

- ◆ Front end debt ratio cannot exceed 38% and back end debt ratio cannot exceed 48%.

Home Repair Program

Participants are pre-approved (assuming continued income eligibility) for a period of three months following close of escrow for a home repair loan/grant up to \$12,500 for improvements that result in energy efficiency or energy conservation.

Prohibited loans and terms:

Buyer must obtain a mortgage from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>) Prohibited loan terms include but are not limited to: Negative–Amortization; Stated Income; Adjustable Rate Mortgage (ARM) – when ARM Rate changes within the first 3 years and Interest-only loans.

How to Apply:

1. You must complete a HUD Approved Homebuyer Education course. Please call (619) 961-8750, for a schedule of upcoming courses.
2. Contact a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages (see, <http://www.fdic.gov/regulations/laws/rules/5000-5160.html>)
3. Select a lender and schedule an appointment. Inform the lender that you are interested in the County NSP loan and refer the lender to www.sdhcd.org
4. The lender will pre-qualify you for the County NSP loan.
5. After meeting with a lender, locate a property that meets the County NSP requirements, and make an offer. See Attachment A – NSP Target Areas list to ensure property is located in an eligible area.
6. When the property goes into escrow, the lender completes the County NSP paperwork.
7. The lender submits your NSP Loan Application to the County of San Diego.

Important Information about this Program:

These limited funds allocated to the County of San Diego's Community Development Block Grant jurisdiction must be obligated within 18 months from the time funds are awarded. DO NOT DELAY if you are interested in this program.

Contact Information:

Bonnie Petrach

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